

Message Text

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ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 IO-14 NEA-11 NSAE-00 RSC-01

OPIC-12 SPC-03 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01

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FM AMEMBASSY TOKYO

TO USMISSION OECD PARIS

INFO SECSTATE WASHDC 9563

AMEMBASSY BONN

USMISSION EC BRUSSELS

AMEMBASSY LONDON

LIMITED OFFICIAL USE TOKYO 1207

E.O. 11652: NA

TAGS: EFIN, OECD

SUBJ: LIBERALIZATION OF INWARD DIRECT AND PORTFOLIO INVESTMENT
BY JAPAN

REF: OECD PARIS 31994

SUMMARY: MOF HAS PROVIDED CLARIFICATION OF POINT RAISED
REFTEL. END SUMMARY

1. IN THOSE CASES WHERE A JAPANESE FIRM DECIDES THAT IT
WISHES TO HAVE FOREIGN PORTFOLIO INVESTMENT IN EXCESS OF 25
PERCENT OF ITS OUTSTANDING SHARES, IT MUST NOTIFY MINISTRY OF FINANCE
(MOF) THROUGH BANK OF JAPAN (BOJ) OF PERCENTAGE OF FOREIGN
PORTFOLIO INVESTMENT THAT IT INTENDS TO ACCEPT AND MUST
RECEIVE MOF APPROVAL OF THIS QTE PACKAGE END QTE IN ADVANCE
OF SALES. FIRM'S APPLICATION TO BOJ AND MOF FOR PACKAGE
APPROVAL MUST BE ACCOMPANIED BY MINUTES OF ITS BOARD OF
DIRECTORS MEETING AT WHICH A RESOLUTION TO ACCEPT FOREIGN
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INVESTMENT UP TO REQUESTED LEVEL WAS APPROVED. ONCE MOF

APPROVAL HAS BEEN RECEIVED FOR PACKAGE, BOJ WILL APPROVE FOREIGN PURCHASE UP TO APPROVED PERCENTAGE OF TOTAL SHARES WITHOUT FURTHER REFERENCE TO FIRM INVOLVED. HOWEVER, APPLICATIONS FOR INVESTMENT IN SUCH FIRMS BY FOREIGN INVESTORS MUST BE ACCOMPANIED BY A COPY OF RESOLUTION OF BOARD OF DIRECTORS OF THE FIRM APPROVING SUCH PURCHASE. COPIES OF SUCH RESOLUTIONS ARE TO BE OBTAINED FROM FIRM IN QUESTION.

2. MISSION'S ASSUMPTION IN FYI PORTION OF PARA 4 REFTEL IS CORRECT. HOWEVER, EVEN IN CASES OF PORTFOLIO INVESTMENT, MOF WILL MONITOR ALL APPLICATIONS TO ASSURE THAT NO SINGLE INVESTOR HOLD STOCK IN EXCESS OF TEN PERCENT LIMITATION OF INDIVIDUAL HOLDING WHICH REMAINS IN EFFECT.

3. COMMENT: WHILE FOREIGN PORTFOLIO INVESTMENT, UP TO TEN PERCENT INDIVIDUAL LIMIT, IS TECHNICALLY FREE ONCE SUBJECT FIRM HAS OBTAINED MOF APPROVAL TO SELL STOCK IN EXCESS OF 25 PERCENT TO FOREIGN INVESTORS, REQUIREMENT THAT EACH PORTFOLIO STOCK PURCHASE APPLICATION BE ACCOMPANIED BY COPY OF BOARD OF DIRECTORS RESOLUTION APPROVING SUCH PURCHASE, WHICH CAN ONLY BE OBTAINED FROM FIRM WHOSE STOCK BEING PURCHASED, DOES LEAVE AREA OF POSSIBLE CONTROL OF PORTFOLIO INVESTMENT TO JAPANESE FIRM. SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FOREIGN INVESTMENTS, INVESTMENT CONTROLS, COMMITTEE MEETINGS, STOCKS (SECURITIES), BUSINESS FIRMS
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Copy: SINGLE
Draft Date: 28 JAN 1974
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Decaption Note:
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Disposition Authority: morefirh
Disposition Case Number: n/a
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